

Overview of SSA

Mission

To advance the economic security of the nation's people through compassionate and vigilant leadership in shaping and managing America's Social Security programs.

The Social Security Programs

Few government agencies touch the lives of as many people as the Social Security Administration (SSA). More than 51 million Americans—one out of every six—receive monthly cash benefits from Social Security or Supplemental Security Income (SSI), the major programs that we administer. Through their payroll taxes, almost all workers are earning valuable Social Security coverage for themselves and their families. The following table provides the number of beneficiaries for the Social Security Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), SSI programs and the combined programs. Over the last 10 years, the number of OASI beneficiaries has grown by 6 percent, DI by 36 percent and SSI by 11 percent.

Number of Beneficiaries by Fiscal Year (In Millions)										
	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
OASI	37.2	37.5	37.6	37.8	37.9	38.0	38.7	38.9	39.2	39.4
DI	5.5	5.8	6.0	6.1	6.3	6.5	6.6	6.8	7.1	7.5
SSI/OASDI ¹	2.5	2.5	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.5
SSI only	3.7	4.0	4.2	4.2	4.2	4.2	4.2	4.3	4.4	4.4

1. Includes individuals receiving benefits from more than one program.

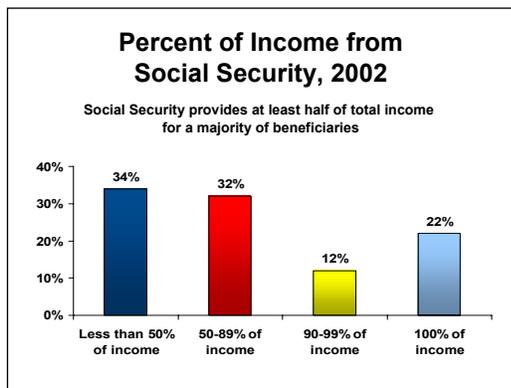
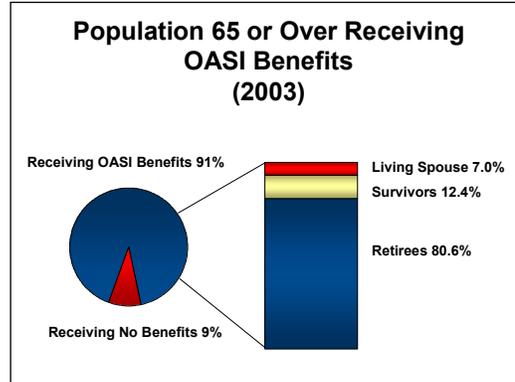
The Social Security programs provide a comprehensive package of protection against the loss of earnings due to retirement, disability and death. Monthly cash benefits are financed through payroll taxes paid by workers and their employers and by self-employed people. Social Security is intended to replace a portion of these lost earnings, but people are encouraged to supplement Social Security with savings, pensions, investments and other insurance.

The monthly benefit amount to which an individual (or spouse and children) may become entitled under the OASDI program is based on the individual's taxable earnings during his or her lifetime. The maximum amount of earnings on which contributions were payable in 2002 was \$84,900 and increased to \$87,000 in 2003.

OASI Program: The OASI program is financed by the OASI trust fund. To qualify for OASI benefits, a worker must have paid Social Security taxes (Federal Income Contributions Act and/or Self-Employment Contributions Act) for at least 10 years (or 40 credits) over the course of his/her lifetime. Individuals born before 1929 need fewer credits to qualify. Nine out of 10 working Americans can count on benefits when they retire, with reduced benefits payable as early as age 62. Benefits are also paid to certain members of retired workers' families and to survivors.

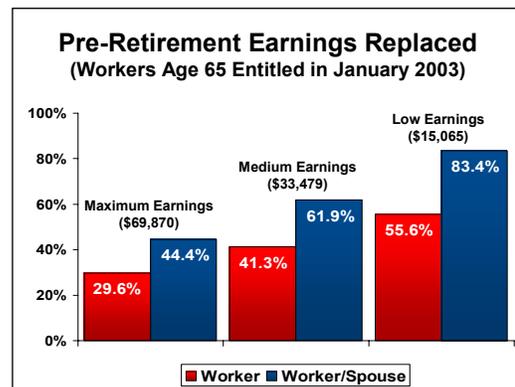
As shown in the chart to the right, 91 percent of people age 65 or over in calendar year 2003 were receiving benefits. The largest category of beneficiaries over age 65 is retired workers. About 98 percent of children under 18 and their mothers or fathers with children in their care under 16 can count on monthly cash benefits if a working parent dies.

In 2002, Social Security benefits comprised 39 percent of the aggregate share of all income to the aged population 65 and over. Other sources of income include assets (14 percent), earnings (25 percent), and pensions (19 percent) both Government and private.



While many of the nation's aged population have income from other sources, a portion of the beneficiary population relies heavily on Social Security. For a third of beneficiaries, it contributes all or almost all of the income; and for almost two thirds of the beneficiaries, it is the major income source (see chart on left).

The level of preretirement (career-average) earnings replaced by Social Security benefits for a worker retiring at age 65 varies because the benefit formula is weighted in favor of workers with low levels of earnings. The chart on the right shows the replacement rate in 2003 for individuals and couples (i.e., worker with a spouse who is not insured) at various earnings levels. These levels represent average earnings over the worker's career, wage-indexed to 2002.

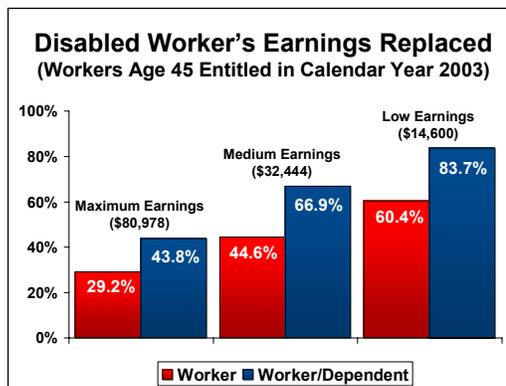


DI Program: To qualify for DI benefits, an individual must meet a test of substantial recent covered work before becoming disabled. Disability benefits provide a continuing income base for eligible workers who have qualifying disabilities and for eligible members of their families. About 9 out of 10 persons age 21 through 64 who worked in covered employment in 2002 will receive benefits if they become disabled. Workers are considered disabled if they have a medically determinable physical or mental impairment that prevents them from engaging in substantial gainful activity. The disability must be expected to last for a continuous period of at least 12 months or to result in death.

Once benefits begin, they continue for as long as the worker is disabled and does not perform substantial gainful work. There are provisions that provide incentives for work. Disability cases are reviewed periodically through continuing disability reviews to determine if the worker continues to be disabled.

The chart to the right shows the replacement rate in 2003 for disabled workers and their dependents at various earnings levels. These levels represent average earnings over the worker's career, wage-indexed to 2002.

The table below presents a historical perspective on medium earnings replacement for both the OASI and DI programs.



Medium Earnings Replaced Historical Perspective						
	1953	1963	1973	1983	1993	2003
Disabled Worker ¹	NA	33.2%	40.9%	43.1%	43.2%	44.6%
Retired Worker	26.4%	27.1%	37.1%	46.4%	42.8%	41.3%

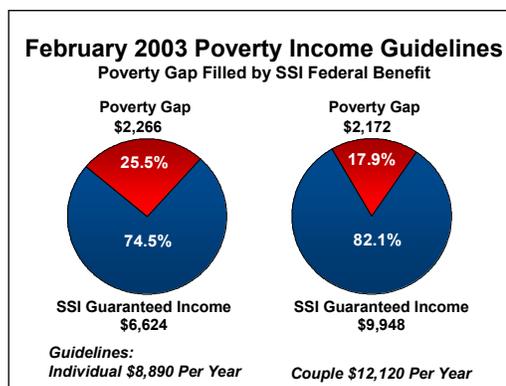
1. Based on 45-year old disabled worker. Data not available for disability benefit payments for 1953 as program began in 1957.

SSI Program: SSI is a means-tested program designed to provide or supplement the income of aged, blind or disabled individuals with limited income and resources. SSI payments and related administrative expenses are financed from general tax revenues, not the Social Security trust funds. Qualified recipients receive monthly cash payments from SSA sufficient to raise their income to the level guaranteed by the Federal SSI program. Children, as well as adults, can receive payments because of disability or blindness.

The definitions of disability for adults used in the SSI program, as well as continuing disability review procedures, are the same as those used in the DI program. There is a separate definition of disability for children seeking SSI benefits. There are general provisions to encourage working and special incentives to those beneficiaries who have disabilities or are blind. The Federal benefit rate and eligibility requirements are uniform nationwide. However, those with other income receive less since benefits may be reduced by the income they receive from other sources.

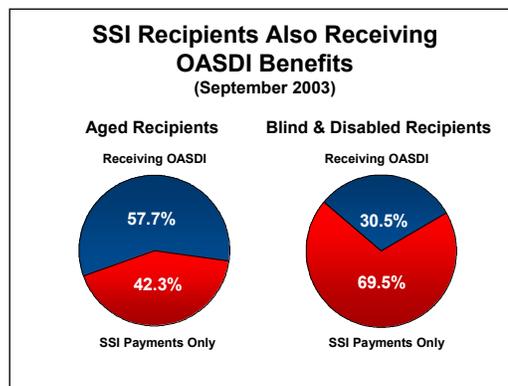
As shown in the chart to the right, SSI recipients with no other income receive the full SSI Federal benefit which is 74.5 percent of the poverty level for an individual and 82.1 percent for a couple.

The portion of the poverty gap not filled by Federal SSI may be filled by State SSI supplementation payments. Also, SSI recipients may be eligible for food stamps, Medicaid and social services.



In September 2003, 35.4 percent of all SSI recipients also received Social Security benefits. Most did not have any other income. For 4.1 percent of the recipients, earnings were a source of additional income.

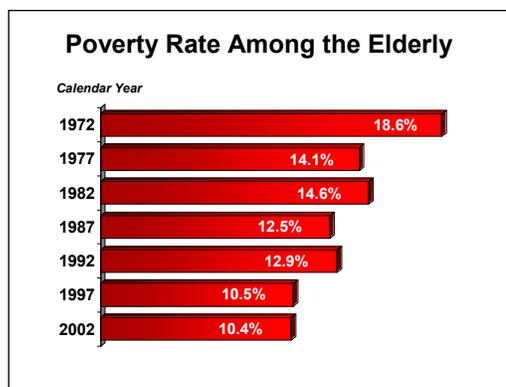
OASDI beneficiaries may qualify for SSI benefits if they meet SSI income and resource eligibility requirements. Although 35.4 percent of all SSI recipients receive OASDI benefits, SSI aged recipients are more likely (57.7 percent) to be receiving Social Security benefits than SSI blind and disabled recipients (30.5 percent).



How SSA Benefits the Public

Social Security is widely considered the nation’s most successful domestic federal program. By design, it is a universal program that provides a basic level of protection to all covered workers based on their past earnings. SSI provides a backstop to Social Security by guaranteeing a minimum level of income to needy elderly persons and persons with disabilities, including children.

It is clear that Social Security and SSI have had a significant role in the improved economic well being of the nation. Poverty among the elderly has been reduced by 44 percent over the past 30 years, decreasing from 18.6 percent in 1972 to 10.4 percent in 2002. In 1936, when Social Security numbers were first assigned to workers, most of the nation’s elderly were living in poverty. Today, monthly benefits are an important part of the quality of life of elderly Americans and millions more who are protected in case of death or disability.



The portion of the population that is insured for Social Security benefits has grown steadily over the years. The percentage of people aged 20 and over who are fully insured increased from 77 percent in 1970 to 88 percent in 2003. Although men are more likely than women to be insured, the gender gap is shrinking. The proportion of men who are insured has remained essentially stable, with 92 percent fully insured. By contrast, the proportion of women who are fully insured has increased from 63 percent in 1970 to 82 percent today.

Rates of poverty and program coverage are important outcome measures that provide an indication of how Social Security and SSI are improving the lives of the American people. These and other outcome indicators of SSA’s performance are discussed in more detail under Outcome Indicators in the Performance Section of this report. But the agency’s programs are far from the only factors that affect the economic status of the aged and survivor populations and persons with disabilities. Personal choices, savings, private and other public sector coverages, social institutions, and the state of the economy also play important roles. Moreover, most of the important features of SSA’s programs are established by law and cannot be altered by our agency. Thus, SSA can not establish numerical goals for such outcome measures as levels of income or rates of poverty.

SSA has developed a communications program to educate the public about financing challenges facing the Social Security programs. As debate continues on how best to strengthen Social Security for the future, SSA’s goal is to ensure that the public has the information needed to understand the proposals related to reform and plan for their future. One such effort is the national Save For Your Future education campaign, presented by SSA and the American Savings Education Council (ASEC) which began in the spring of 2003. This campaign was designed to

educate and motivate Americans of all ages and backgrounds to take charge of their financial future. Developed in partnership by ASEC and its many coalition members—including SSA, Departments of Labor, Treasury, Health and Human Services and Defense, and State Farm—the annual Save For Your Future campaign included events and activities throughout the country devoted to educating and motivating Americans to take charge of the financial future.

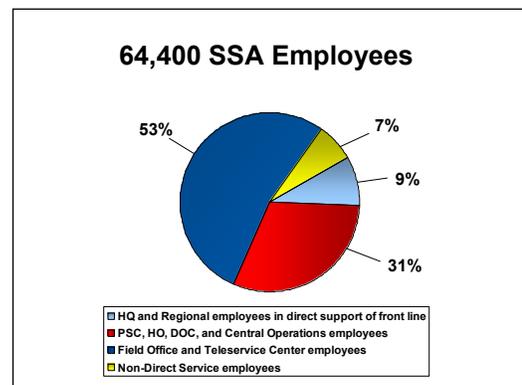
Agency Organization

As the Agency charged with managing and delivering all of these important programs, for over 60 years, SSA has ranked among the premier agencies in government service. In many communities across the country and to many people, SSA has been the primary face of the federal government, and Americans have generally viewed the Agency’s performance and service favorably. The nation’s citizens expect SSA’s employees to be respectful, responsive and reliable.

SSA’s organization is centrally managed with a decentralized nationwide network of over 1,500 Field Offices (FO), Regional Offices, Teleservice Centers (800-Number), Program Service Centers (PSC) and Hearings Offices (HO). SSA’s organizational structure is designed to provide timely, accurate and responsive service to the American public. By integrating support services for all of its programs, SSA enhances efficiency, avoids duplication of effort and increases opportunities to provide one-stop service to the public.

Field Offices are the primary points for face-to-face contact with the public. Teleservice Centers offer national toll-free telephone service (1-800-772-1213). The PSCs process a wide variety of workloads, as well as take 800-Number calls. The Office of Central Operations, which includes the Data Operations Center (DOC), processes a wide variety of workloads involving disability, international and earnings operations and also has an expanding role in taking 800-Number calls. The HOs and Appeals Council (AC) adjudicate appeals of SSA determinations in claims for benefits.

About 60,000 of Social Security’s 64,400 employees deliver direct service to the public or directly support the services provided by our front-line workers. The public is most familiar with the 34,300 employees in SSA’s 1,336 FOs and 36 Teleservice Centers. They are also served by 19,800 employees in the PSCs, HOs, AC and Office of Central Operations. Another 6,000 employees in headquarters and regional offices directly support the services delivered by SSA’s front-line workers. These include the employees who build and maintain the expanding Internet services. Additionally, the disability programs depend on the work of about 15,000 employees in state Disability Determination Services (DDS).



SSA’s remaining employees perform equally important functions in developing other information technology and public information products, ensuring sound fiscal stewardship, developing and implementing uniform program policy and procedures, and supporting the workforce by providing, maintaining and safeguarding the work spaces. Whether in SSA or a DDS, each and every employee in front-line and staff positions plays an important role in the success of the nation’s Social Security programs

SSA’s organizational structure as shown below is designed to provide responsive, swift and high-quality service to the public. By integrating services for all programs it administers, SSA is able to enhance efficiency, avoid duplication of effort and increase opportunities to provide one-stop service.

